

Life Insurance Frequently Asked Questions

Term Life Insurance Change Form

- Question:** Should I complete the Term Life Insurance Change Form if I am not making any changes to my current life insurance coverage levels?

Answer: No. You are not required to complete a new form if you are not making changes.
- Question:** What is a primary beneficiary vs a contingent beneficiary?

Answer: A primary beneficiary should be the individual(s) or organization that you wish to receive the insurance proceeds in the event of your death. You may have the proceeds divided among several primary beneficiaries. A contingent beneficiary should be the individual(s) or organization that you wish to receive the insurance proceeds if the primary beneficiary(ies) dies before the insured (the employee).
- Question:** Is it necessary for me to indicate a percentage of the benefit for each beneficiary?

Answer: Yes. You can designate different beneficiaries for the basic life and the additional life. A benefit designation is not necessary for dependent life as the employee is automatically the beneficiary.
- Question:** Can I have different beneficiaries for each Life Insurance Product (basic life, additional life)?

Answer: Yes. You can designate different beneficiaries for the basic life and the additional life. A benefit designation is not necessary for dependent life as the employee is automatically the beneficiary.
- Question:** Do I have to complete the Medical History Statement attached to my Enrollment and Change Form?

Answer: You do not have to complete this form unless you are applying for Additional Life Insurance above the guaranteed rate of \$150,000.
- Question:** Can I fax my completed Enrollment and Change Form to the Employee Benefits Office?

Answer: No. Unfortunately, we are unable to accept faxed copies of this form. Should something happen to you and a claim must be filed with CIGNA, it will not accept any faxed copies of forms. Only original forms with original signatures will be accepted. Please give the original form to your Human Resources representative upon completion.

Beneficiaries

- Question:** Can I leave my benefit to an estate versus a person?

Answer: Yes, you can leave your benefits to an estate.
- Question:** Can I designate my minor child as a beneficiary?

Answer: Yes. However, it may be necessary to have a guardian or legal representative appointed before any death benefit can be paid. Please consult an attorney or legal representative should you have questions regarding designating a minor child as a beneficiary.

3. **Question:** If I designate both primary and contingent beneficiaries, how will benefits be paid?
Answer: Contingent beneficiaries receive benefits only if all primary beneficiaries die before the insured. Note this scenario. You have two primary beneficiaries designated and one contingent beneficiary. Each primary beneficiary is entitled to 50% of the benefit. One of the primary beneficiaries dies. The one remaining primary beneficiary will receive 100% of the benefit; the contingent will not receive any benefits. The contingent beneficiary will only receive a benefit if the other primary beneficiary expires.

Basic Life Insurance

1. **Question:** If I designate both primary and contingent beneficiaries, how will benefits be paid?
Answer: All Shelby County Government employees receive 2X their annual salary. For example, if your current yearly salary is \$50,000, you will receive \$100,000 for basic life insurance.
2. **Question:** How does age reduction affect my basic life insurance benefit?
Answer: If you are an active employee, age 65-69, your basic life insurance benefit is subject to age reduction. This means that we will multiply your current salary x 2 and reduce it to 65%. For example, if you are an active employee age 65-69 making \$50,000, we would multiply \$50,000 by 2, yielding \$100,000. We would reduce the coverage level to 65% by subtracting 35%, which equals \$35,000. Therefore, your benefit would be \$65,000. If you are age 70 or above making \$50,000, we would multiply the \$50,000 x 2 and reduce by 50 percent, yielding \$50,000 as your benefit.
3. **Question:** How much does Shelby County Government contribute to my basic life insurance coverage?
Answer: The County pays approximately \$0.26 per \$1,000 for your basic life insurance coverage. As an employee, you pay approximately \$0.11 per \$1,000 for your basic life insurance coverage.
4. **Question:** Can I carry the basic life insurance into retirement?
Answer: Yes and No. Shelby County Government does allow retired employees to retain basic life insurance coverage. However, as a retiree, you are only allowed 1X your annual salary at the time of retirement versus the 2X your annual salary that you receive as an active employee. For example, if your annual salary at retirement is \$50,000, you will receive \$50,000 in life insurance coverage (1 times your annual salary at retirement).

Voluntary Additional Life Insurance

1. **Question:** How much life insurance can I obtain without Evidence of Insurability?

Answer: During the 2009 open enrollment, you may obtain as much as \$150,000 without completing a Medical History Statement.

2. **Question:** If I want more than the \$150,000 life insurance coverage level, how is Evidence of Insurability determined?

Answer: You must first complete, in its entirety, the Medical History Statement included with your Term Life Insurance Change Form. The statement will be sent to CIGNA for medical underwriting. CIGNA will make all decisions regarding approval or denial of the coverage level you have selected.

3. **Question:** What happens if I apply for an amount over \$150,000, and I am denied that amount?

Answer: You will automatically be offered the highest amount of coverage possible without Evidence of Insurability. For this open enrollment period, that amount is \$150,000.

4. **Question:** Does the cost of my additional life coverage increase as my age increases?

Answer: Yes. As you progress through the age bands, your life insurance rates will increase on January 1st annually.

5. **Question:** Does age reduction apply to my additional life insurance coverage?

Answer: Yes. Age reduction does apply. (*Please refer to question 2 under Basic Life for an example of the calculation.*)

6. **Question:** Can I carry this coverage into retirement?

Answer: No. Additional Life Insurance is not a retirement benefit.

Voluntary Dependent Life Insurance

1. **Question:** Who are considered dependents under the dependent life insurance program?

Answer: Your dependents would be your spouse, children 18 years of age or younger, fulltime college students age 19-25, and disabled children.

2. **Question:** Are grandchildren considered dependents if they live in my household? What about parents for which I provide care?

Answer: Grandchildren are not considered dependents unless you have legal custody. Parents are not considered dependents under the provisions of this policy.

3. **Question:** Are the rates different if I only have a spouse and no children or children and no spouse?

Answer: No. Dependent Life coverage is sold as a unit that cannot be separated. Therefore, if you have a spouse and no children, and you want the \$20,000 coverage level on your spouse, your cost will be \$9.00 per pay period (\$10.80 for Headstart 10 month employees). Conversely, if you have no spouse, but you do have a child(ren), and you want the \$10,000

coverage level for your child(ren), your cost will also be \$9.00 per pay period (\$10.80 for Headstart 10 month employees).

4. **Question:** If I have more than one child, how is the benefit divided?
Answer: There is no division of benefit. Each child will receive the coverage level you select. For example, if you select the \$5,000 coverage level for you children, each child is covered for \$5,000 regardless of the number of children you have.
5. **Question:** Who is the beneficiary for my dependent life insurance policy?
Answer: As the employee, you are the beneficiary should something happen to any of your dependents (spouse or child/children).
6. **Question:** Does my premium automatically stop should I no longer have an eligible dependent as listed under the provisions of this plan?
Answer: No. If you no longer have a qualifying dependent under this plan, it is your responsibility to contact the Employee Benefits Office to have your deduction stopped. We will not issue any refunds of premiums paid due to failure of your not notifying our office that you no longer have eligible dependents.
7. **Question:** Can I carry this coverage into retirement?
Answer: No. Additional Life Insurance is not a retirement benefit

The information presented above is controlled by the group policy and does not modify it in any way. The controlling provisions are in the group policy issued by Life Insurance Company of North America (LINA), a CIGNA company.